

Re-Mortgage Secrets



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Re-mortgaging is a good way to escape high fixed interest rates and many shrewd homeowners are moving their mortgages to more competitive lenders to save money.

In the case where your existing mortgage has a penalty clause built in, re-mortgaging often reduces your monthly mortgage payment enough to still save you money in the long run.

There are many reasons to re-mortgage your home but whichever reason it is refinancing with Just Mortgage Limited is extremely simple; anyone can do it!

It is important that you have a clear goal for re-mortgaging and by letting us know your reason we will help you pick the right package to suite your needs.

Why should you arrange your re-mortgage through Just Mortgages Limited?

At Just Mortgage Limited we are committed to providing you with Independent Financial advice backed up by our promise that we will offer you an integrated based service. We will guide you through every aspect of any financial transactions we arrange for you and endeavor to make it a world class experience on one that you, your family and friends will seek to repeat with us.

Our Trained Mortgage Brokers will help you choose the right loan, for you!!

WARNING: YOU MAY HAVE TO PAY CHARGES IF YOU PAY OFF A FIXED RATE LOAN EARLY.

How much can I Borrow?

It's tempting to borrow as much as possible, but make sure you will be able to cope with possible future events such as higher interest rates, childcare cost, illness or redundancy. These can put a big strain on your finances.

There are 3 main areas the lenders look at when offering you a re-mortgage:

1. The value of the home vs the new loan amount required
2. Your income
3. Your credit history



DON'T BORROW MORE THAN YOU CAN AFFORD. SAVE SOME MONEY FOR EXTRA COSTS YOU MAY FACE IN THE FUTURE.



1. Value of your home - we can arrange mortgages of up to 90% of your property value.

For example:

PROPERTY VALUE €	MAXIMUM MORTGAGE €
200,000	180,000
250,000	225,000
300,000	270,000
350,000	315,000

2. Your Income:

Generally speaking, the lenders will offer an approval amount based on a multiple of your annual income (usually up to 4.5 times), or will allow a certain percentage, usually 35% of your monthly net income to cover your mortgage repayments.

Examples:

2 household incomes of €30,000 - you could qualify for €225,000 - €270,000

3. Your credit history

When you are taking out a loan or a mortgage with the main banks and building societies, they will do a 'credit search' with the Irish Credit Bureau. If you have had a few hiccups with loan payments, they will usually show up on the report. If your credit report is good, and the income and property value are ok, we should be able to offer you mortgage terms from up to 10 lenders.

If you have had credit problems in the past, don't fret - we still have a number of lenders who are interested in offering mortgages. Just outline the problems you've had on the enquiry form, and we'll be able to let you know what we can do for you.

Mortgage Options

There are lots of options, when it comes to choosing a new mortgage.

Lenders quote their interest rates by APR (Annual percentage Rate). This is the yearly rate of interest, taking account of all the cost involved, such as any set-up charges, the term of the loan and the interest rate. You can use the APR to compare the interest costs of different mortgages, as long as you compare:

- v The same mortgage amount and
- v The same term

For a mortgage of the same amount and term, the higher the APR, the higher your monthly repayments will be.

Firstly, you'll have to **decide on what type of rate you go for**. There are three main types of interest rate:

- Variable Rate
- Fixed Rate



IF YOU WANT TO CHANGE TO A VARIABLE RATE OR PAY OFF YOUR MORTGAGE BEFORE YOUR FIXED-RATE PERIOD ENDS, YOUR LENDER CAN CHARGE A FEE TO COVER THE COST OF BREAKING YOUR FIXED RATE. ALSO, MOST LENDERS WILL NOT ALLOW YOU TO PAY A LUMP SUM INTO YOUR MORTGAGE DURING THE FIXED-RATE PERIOD, SO YOU COULD LOSE OUT ON SAVING INTEREST IN THIS WAY.



1. Variable rate

A **variable rate** is the rate that most people are familiar with - there's a good chance that your current mortgage is based on a variable rate. The variable rate can be adjusted by the lender from time to time, primarily when wholesale rates increase or decrease. The benefit of the variable rate is that it tends to be more flexible than a fixed rate - you can make extra repayments or lump sum payments for example.

Variable rate options

Standard Variable Rate

A standard rate can rise and fall in line with general changes in interest rates. When the European Central Bank (ECB) rate rises, your repayments go up. The increase may be more or less than the changes in the ECB rate. When rates fall, your lender can pass on some or all of the reduction to you, so your repayments fall.



For example:

- > If you receive a yearly bonus, it might suite you to keep payments low throughout the year, and pay in a lump sum, when the bonus is paid.
- > If you are planning on having a child in the coming years, a mortgage break option, could be perfect for you.
- > If you are planning on sending your kids to college in a few years, a cheap top up loan facility in the future to help pay their fees might be invaluable.

Other types of variable rates


Lenders offer two types of variable rates.

Discounted rate

- v This is a temporary, lower rate than the standard variable rate - for example, 1% lower for the first year of your mortgage.
- v At the end of the introductory period your rate changes to the standard variable rate. In some cases, you have the option at this stage of choosing the type of rate you would like for the rest of your mortgage.

Capped rate

- v This is a variable rate that will not go above a set level (the 'cap') even if interest rates rise. For example, a maximum rate of 6% in the first two years.
- v If interest rates fall, your rate and repayment also fall.



DISCOUNTED RATES CAN SEEM ATTRACTIVE, BUT MAKE SURE YOU KNOW WHAT RATE WILL PAY AFTER THE DISCOUNTED RATE ENDS.

3. Fixed Rate

A **fixed rate** is a rate which you choose for a specific amount of time (e.g. 1, 2, 3, 5 or 10 years), and for that period, your rate will not increase, regardless of what happens with interest rates generally. Usually, for fixed rates of longer than a year, you'll pay a higher rate than you would on the prevailing variable rate, as your rate is **guaranteed not to rise** for the period you take it out over, for example 4% for three years. The fixed rate is a good option if knowing that your repayments will remain the same in the short to medium term is a priority.

Split Rate

This means that part of your mortgage is at a fixed rate and part is at a variable rate.

- If rates move up or down, your repayments won't change on the fixed part.
- You can benefit from any fall in rates on the variable part, but your repayments will also be likely to rise if rates rise.

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